

STEPHEN A. ROBERTS
STATE BAR NO. 01701920
ROBERT P. FRANKE
STATE BAR NO. 07371200
DUANE J. BRESCIA
STATE BAR NO. 24025265
STRASBURGER & PRICE, LLP
600 CONGRESS AVE., SUITE 1600
AUSTIN, TEXAS 78701-2974
(512) 499-3600
(512) 499-3660 FAX

ATTORNEYS FOR DEBTOR SUPERIOR AIR PARTS, INC.

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

IN RE:	§ Case No. 08-36705
SUPERIOR AIR PARTS, INC.,	§ Chapter 11
Debtor.	§ Preliminary Hearing: March 17, 2009
	§ 1:15 p.m.
	§

**DEBTOR'S RESPONSE TO VIRGIN RECORDS AMERICA, INC.'S MOTION
FOR RELIEF FROM THE STAY TO CONSUMMATE SETTLEMENT
OF SUIT WITH INSURANCE CARRIER**

TO: THE HONORABLE COURT:

Superior Air Parts, Inc., Debtor and Debtor-in-Possession ("Debtor") responds to the Motion for Relief from Stay to Consummate Settlement of Suit with Insurance Carrier filed by Virgin Records America, Inc. f/u/b/o National Union Fire Insurance Company ("Virgin Records") requesting relief to finalize and consummate a settlement in pending litigation and in support would respectfully show:

I.

JURISDICTION

1. On December 31, 2008, (the “Petition Date”), Debtor filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) with the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the “Bankruptcy Court”). The Debtor continues to operate its business and manage its properties and assets as a debtor-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code. An unsecured creditors committee has been appointed in the case.

2. The Bankruptcy Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334 and 157. This Motion involves a core proceeding pursuant to 28 U.S.C. § 157(b).

3. Venue is proper with the Bankruptcy Court pursuant to 28 U.S.C. § 1408.

II.
BACKGROUND

4. The Debtor is a Texas corporation with its offices and operating facilities located in Coppell, Dallas County, Texas. It is one of the largest suppliers of parts under Federal Aviation Administration’s (“FAA”) Parts Manufacturer Approval (“PMA”) regulations for piston engines. It provides Superior-brand parts for engines created by two primary original equipment manufacturers (“OEMs”), the Continental division of Teledyne, Inc. and the Lycoming division of Textron, Inc. Its customers are companies that perform maintenance and overhaul work in the general aviation industry. The Debtor is also an OEM for the (i) 180-horsepower Vantage Engine and (ii) Superior or owner-built XP-360 Engine for various aircraft companies.

5. On December 30, 2008, the Debtor entered into an asset purchase agreement (“APA”) with Avco Corporation (“Avco”), a wholly-owned subsidiary of

Textron, Inc, wherein Avco agreed to buy substantially all of the Debtor's assets, subject to adjustments for inventory reductions. One of the conditions of the purchase agreement was that the purchase be consummated through a Chapter 11 bankruptcy proceeding. This Chapter 11 case was filed to liquidate the assets of the Debtor and to obtain the highest and best price for creditors, either through the APA with Avco, or a public auction.

6. The Bankruptcy Court approved Superior's Expedited Motion to Approve Bid Procedures for Sale of Substantially All of Debtor's Assets Free and Clear of Liens (Docket No. 43). Under the bid procedures, the auction of the Superior's assets was held beginning on February 24, 2009 and continued on February 26, 2009. At the conclusion of the auction, the Debtor rejected the offers of two Qualified Bidders because neither was in the best interest of the Debtor's estate and its creditors.

III.
RESPONSE TO VIRGIN RECORDS' MOTION

7. The Debtor has no objection to lifting the automatic stay to allow for the finalization and consummation of the settlement agreement described in Virgin Records' motion provided that the insurance carrier that issued the underlying policy assumes full financial responsibility for defending and indemnifying the Debtor. A further condition is that the settlement does not impose any costs against the Debtor and resolves any claims that Virgin Records, and the other parties to the litigation may assert against the Debtor.

8. Superior's non-opposition is also conditioned upon the settlement agreement being approved by the Bankruptcy Court.

WHEREFORE, the Superior Air Parts, Inc. requests the Court grant it the relief requested in this response and for such other and further relief as is just.

Dated: March 4, 2009.

Respectfully submitted,

/s/ Robert P. Franke
Stephen A. Roberts (SBN 17019200)
Duane J. Brescia (SBN 24025265)
STRASBURGER & PRICE, LLP
600 Congress, Suite 1600
Austin, Texas 78701
Tel. (512) 499-3600 / Fax (512) 499-3643
stephen.roberts@strasburger.com
duane.brescia@strasburger.com

Robert P. Franke
STATE BAR NO. 07371200
STRASBURGER & PRICE, L.L.P.
901 Main Street, Suite 4300
Dallas, TX 75202
214-651-4300 – Telephone
214-651-4330 – Facsimile
robert.franke@strasburger.com

**ATTORNEYS FOR DEBTOR SUPERIOR AIR
PARTS, INC.**

CERTIFICATE OF SERVICE

The undersigned certifies that true and correct copies of the foregoing pleading were served on the parties listed below and on the attached service list by filing the Response via the Court's electronic noticing system (ECF) to the parties receiving notice via ECF or first class U.S. Mail, postage prepaid, on the 4th day of March, 2009.

Susan B. Hersh
12770 Coit Road, Suite 1100
Dallas, Texas 75251

William G. Burd
Atkinson & Brownell, P.A.
One Biscayne Tower, Suite 3750
2 Biscayne Blvd.
Miami, Florida 33131

David Parham
Baker & McKenzie, LLP
2001 Ross Avenue, Suite 2300
Dallas, Texas 75201

/s/ Robert P. Franke

Robert P. Franke

Superior Air Parts, Inc.
621 S. Royal Lane, Suite 100
Coppell, TX 75019-3805

Mary Frances Durham
Office of the US Trustee
1100 Commerce Street, Rm 976
Dallas, Texas 75242-1496

Mahle Engine Components USA
60428 Marne Road
Atlantic, IA 50022-8291

KS-Pistoes
Rodovia Arnald, Julio Mauerberg
4000 Distrito Industrial
Nova Odessa-SP Brasil
CAIXA Postal 91, CEP 13460-000

ECK Industries, Inc.
1602 North 8th Street
Manitowoc, WI 54221-0967

Aisure Limited
15301 Spectrum Drive, #500
Addison, TX 75001

Helio Precision Products
601 North Skokie Highway
Lake Bluff, IL 60044

Hartford Aircraft Products
94 Old Poquonock Road
Bloomfield, CT 06002

Crane Cams
530 Fentress Blvd.
Daytona Beach, FL 32114

Ace Grinding & Machine Company
2020 Winner Street
Walled Lake, MI 48390

Genesee Stamping & Fabricating
1470 Avenue T
Grand Prairie, TX 75050-1222

Corley Gasket Co.
6555 Hunnicut Road
Dallas, Texas 75227

Lynden International
1800 International Blvd, #800
Seattle, WA 98188

Saturn Fasteners, Inc.
425 S. Varney St.
Burbank, CA 91502

Automatic Screw Machine
709 2nd Avenue SE
Decatur, AL 35601

AOPA Pilot
P.O. Box 973
Frederick, MD 21701

Combustion Technologies, Inc.
1804 Slatesville Road
Chatham, VA 24531

Champion Aerospace, Inc.
1230 Old Norris Road
Liberty, SC 29657-0686

Ruhrtaler Gesenkschmiede
F.W. Wengler GMBH & Co., KG
Felderstrasse 1
Witten, Germany 58456

Ohio Gasket & Shim
976 Evans Ave.
Akron, OH 44305

Gerhardt Gear
133 East Santa Anita
Burbank, CA 91502-1926

Knappe & Koester Inc.
18 Bradco Street
Keen, NH 03431

Deirdre B. Ruckman
Gardere Wynne Sewell LLP
1601 Elm Street, Suite 3000
Dallas, Texas 75201

Anita F. McMahon
1646 Belmont Ave.
Baton Rouge, LA 70808

Michael L. Jones
Henry & Jones, P.C.
2902 Carlisle St., Suite 150
Dallas, Texas 75204

Chester B. Salomon
Stevens & Lee, P.C.
485 Madison Ave., 20th Floor
New York, NY 10022

Gordon J. Toering
Warner Norcross & Judd, L.L.P.
900 Fifth Third Center
111 Lyon Street, NW
Grand Rapids, MI 49503

Theilert Aircraft Engines
Nieritzstrasse 14 D-01097
Dresden Germany

Garlock-Metallic Gasket Div
250 Portwall St., Ste. 300
Houston, Texas 77029

Betsy Price, Tax Assessor Collector
100 E. Weatherford
PO Box 961018
Fort Worth, TX 76196

Seal Science
17131 Daimler
Irvine, CA 92614-5508

David Childs, Ph.D.
Dallas County Tax Assessor/Collector
500 Elm St, Records Building
Dallas, Texas 75202

Mahle Engine Components
14161 Manchester Road
Manchester, MO 63011

Mahle Engine Components
17226 Industrial Hwy
Caldwell, OH 43724-9779

Internal Revenue Service
Special Procedures – Insolvency
P.O. Box 21126
Philadelphia, PA 19114

City of Coppell/Coppell ISD
Mary McGuffey, Tax Assessor Collector
P.O. Box 9478
Coppell, TX 75019

Laurie A. Spindler
Linebarger Goggin Blair & Sampson
2323 Bryan St., Suite 1600
Dallas, Texas 75201

James T. Jacks, Howard A. Borg
U.S. Attorney's Office
Burnett Plaza, Suite 1700
801 Cherry Street, Unit 4
Fort Worth, TX 76102-6882

Neil J. Orleans
Goins, Underkofer, Crawford & Langdon
1201 Elm Street, Suite 4800
Dallas, Texas 75270

Michelle E. Shriro
Singer & Levick, P.C.
16200 Addison Road,
Suite 140
Addison, TX 75001-5350

Morton A. Rudberg
6440 N. Central Expwy., Suite 516
Dallas, Texas 75206